

Message Text

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ACTION EB-07

INFO OCT-01 AF-04 ARA-06 EUR-12 NEA-06 ISO-00 IO-10 AEC-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00

FPC-01 H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05 OMB-01

PM-03 RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-01 PA-01 PRS-01 USIA-06 /113 W
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P R 221705Z NOV 74

FM AMEMBASSY ALGIERS

TO SECSTATE WASHDC PRIORITY 1447

INFO AMEMBASSY ABU DHABI

AMEMBASSY BEIRUT

AMEMBASSY CARACAS

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY JAKARATA

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY QUITO

AMEMBASSY TEHRAN

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

AMEMBASSY PARIS PRIORITY

C O N F I D E N T I A L ALGIERS 2576

BEIRUT PASS BAGHDAD; KUWAIT PASS DOHA; PARIS FOR ASST.
SECY. ENDERS

E.O. 11652: GDS

TAGS: ENRG, AG

SUBJ: OPEC MEETINGS

REFS: (A) ALGIERS 2364 (B) STATE 256937

1. ALGIERS IS FULL OF RUMORS OF MEETINGS ON OIL

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QUESTIONS. UNFORTUNATELY EXACT NATURE OF MEETINGS

AND LEVEL OF PARTICIPANTS ARE NOT CLEAR, BEYOND FACT THAT ALGERIANS ARE ATTEMPTING TO REGAIN LEADERSHIP IN OIL MATTERS THROUGH INTERVENTION OF PRESIDENT BOUMEDIENE. IT IS ALSO CLEAR THAT ALGERIANS' PRINCIPAL GOALS ARE:

(1) MAINTAIN HIGH OIL PRICES (2) LINK PRESENT HIGH OIL PRICES TO SOME INDUSTRIAL GOODS PRICE INDEX (3) ATTEMPT TO RECYCLE SURPLUS OIL REVENUES TO USE OF ARABS AND DEVELOPING NON-ALIGNED COUNTRIES AND (4) BLAME OIL COMPANIES FOR HIGH PRICES.

2. WE UNDERSTAND THAT ALGERIANS HAVE ASKED FOR SHIFT OF DECEMBER 12 OPEC MEETING FROM VIENNA TO ALGIERS. ALGERIAN FOREIGN MINISTRY REPORTEDLY REASONABLY CONFIDENT VENUE OF OPEC MEETING WILL BE ALGIERS. TO BOLSTER THE PRACTICALITY OF THIS MOVE THEY HAVE REPORTEDLY SUGGESTED AN EARLIER MEETING OF OIL PRICE EXPERTS TO PREPARE FOR OPEC MEETING AND HAVE ALSO SUGGESTED ENERGY MINISTERS AND FOREIGN MINISTERS MEET AFTER OPEC MEETING TO PREPARE FOR OIL PRODUCER SUMMIT. THIS LATER MEETING WOULD BE SCHEDULED FOR JANUARY 1975.

3. WE UNDERSTAND AS OF NOVEMBER 20, THAT IRAN HAD SPECIFICALLY SUPPORTED ALGERIAN REQUEST FOR OIL MEETINGS IN ALGIERS. WE ALSO UNDERSTAND THAT OTHER OIL PRODUCERS EXCEPT VENEZUELA AND SAUDI ARABIA HAVE GENERALLY MADE FAVORABLE NOISES. SAUDIS HAVE NOT RESPONDED AND VENEZUELANS BELIEVE MEETINGS SHOULD NOT TAKE PLACE UNTIL 1975.

4. FRENCH HERE IN ALGIERS DISTINGUISH BETWEEN ALL OPEC MEMBERS MEETING ON PRICES AND ONLY ARAB AND IRANIAN PRODUCERS. MEETING ON RECYCLING OF OIL REVENUES. FRENCH ALSO VERY WORRIED ABOUT IRANIAN/ALGERIAN RAPPROCHMENT. BOTH NEED HIGH OIL PRICES AND HIGH GAS PRICES FOR OWN DEVELOPMENT AND THEREFORE IN SLIGHTLY DIFFERENT STATUS FROM GULF OIL STATES. RECENT ARTICLE IN EL MOUDJAHID SAYS ALGERIA AND IRAN ARE ESSENTIALLY IN AGREEMENT ON EXPORT GAS PRICES AND THE SUBJECT MAY WELL BE RAISED IN OPEC SETTING.

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5. IT MAY BE USEFUL TO REREAD PRESIDENT BOUMEDIENE'S TWO STATEMENTS ON OIL SUMMETRY. HIS NOVEMBER 1 STATEMENT IS QUOTED IN PARA. 2 REFTEL A. EARLIER ON OCTOBER 24 HE COMMENTED ON THE OIL CONFRONTATION AND THE NEED FOR THE NON-ALIGNED TO UNITE TO DESTROY THE UNJUST ECONOMIC STRUCTURES OF THE PAST AND CREATE A NEW EQUITABLE SYSTEM. ON SURPLUS REVENUES, HE SAID, THEY

SHOULD FIRST BE USED FOR NATIONAL AND REGIONAL GOALS.
IF THERE STILL REMAINED SURPLUS REVENUES IT SHOULD BE
FIRST USED FOR ARAB DEVELOPMENT AND THEN THE THIRD
WORLD WHICH SHOULD HAVE PRIORITY OVER THE INDUSTRIALIZED
COUNTRIES. THIS IS A POLITICAL QUESTION NOT A TECHNICAL
ONE.

6. COMMENT: WE BELIEVE OPEC AND OTHER MEETINGS WILL
BE HELD IN ALGIERS UNLESS SAUDI ARABIA REFUSES AND
REPEAT AND CAN FIND SUPPORT AMONG OTHER OIL PRODUCERS.
MEETING IN ALGERIA ORGANIZED BY ALGERIANS WILL LEAD
TO MORE ADVERSE RESULTS THAN IF HELD IN COUNTRY LESS
RADICAL IN ITS THINKING.
PARKER

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